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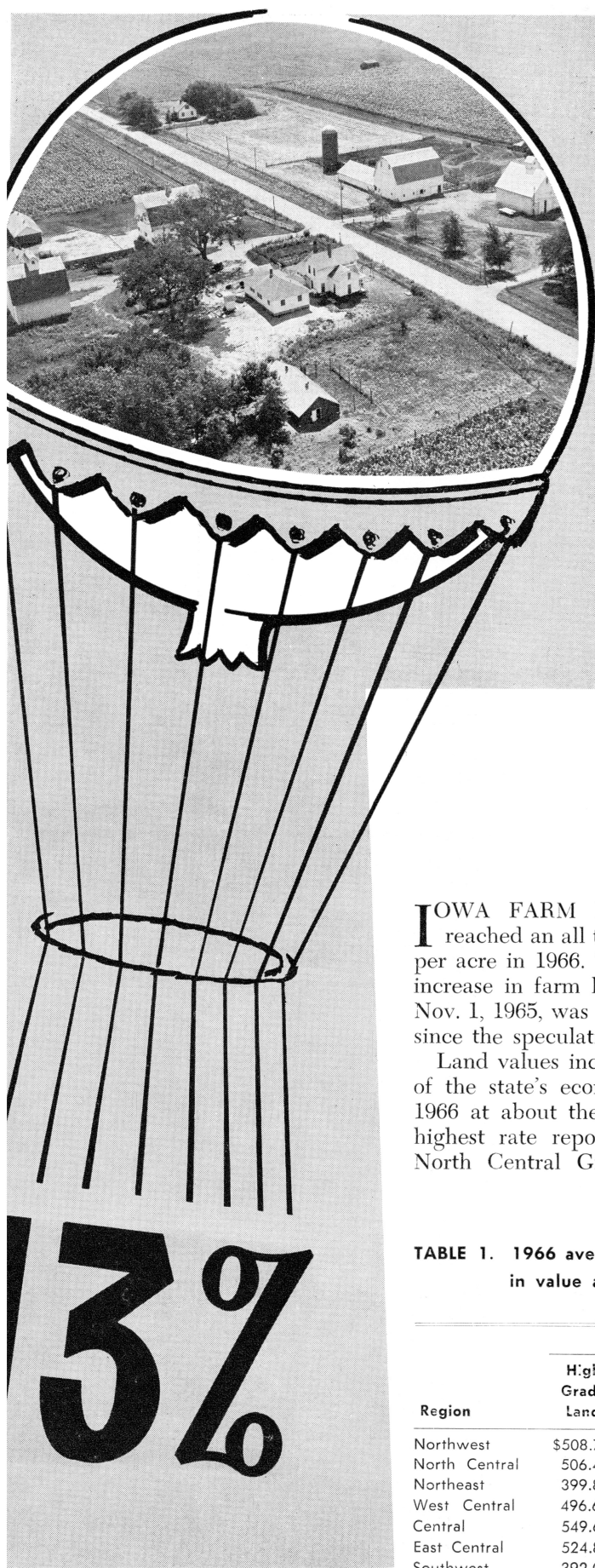
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IOWA FARM LAND VALUES RISE 13 PERCENT IN 1966

by Mohsen A. Fardi

IOWA FARM LAND values reached an all time high of \$331 per acre in 1966. The 12.9 percent increase in farm land values since Nov. 1, 1965, was the highest boost since the speculative rise in 1920.

Land values increased in all five of the state's economic regions in 1966 at about the same rate. The highest rate reported was in the North Central Grain region—13.9

percent—and the lowest in Northeast Dairy with 11.9 percent. In all regions except the North Central Grain, low grade land increased in value at a higher percentage rate than high grade land.

This information comes from a survey of 575 farm real estate brokers representing all counties in the state. The survey has been conducted annually since 1941 by the

TABLE 1. 1966 average value per acre of Iowa farm land and buildings, increase in value and percent change over 1965, by crop reporting districts.

Region	1966				1965		
	High Grade Land	Medium Grade Land	Low Grade Land	Average	Average	Increase in Value	Percent Increase
Northwest	\$508.72	\$379.21	\$260.65	\$382.89	\$340.42	\$42.47	12.5%
North Central	506.43	382.55	267.58	385.52	346.09	39.43	11.4
Northeast	399.85	272.48	169.28	280.54	250.47	30.07	12.0
West Central	496.68	331.01	211.62	346.44	302.03	44.41	14.7
Central	549.62	401.67	256.38	402.56	354.05	48.51	13.7
East Central	524.88	351.56	201.41	359.28	325.49	33.79	10.4
Southwest	392.09	260.06	162.39	271.51	239.17	32.34	13.5
South Central	327.64	200.04	107.89	211.86	190.91	20.95	11.0
Southeast	498.35	301.48	155.00	318.41	276.47	41.94	15.2

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Almost all brokers participating in both 1965 and 1966 surveys reported increases in farm land values in their respective areas. Many brokers said the change in land values since Nov. 1, 1965, was not steady. They reported a sharp increase from November to May, followed by constant to slowly increasing values from May to November, 1966. Shortage of cash and credit, and high interest rates apparently played decisive roles in slowing down the increase in farm land values from June to November.

The average value of Iowa land increased by \$38 per acre in 1966, as compared to \$28 in 1965 and \$15 in 1964. The North Central Grain region had the highest increase—\$51 per acre—and the Southern Pasture region had the lowest increase, \$26 per acre (see Map 1).

Based on nine crop reporting districts, average land values showed the highest percentage rise in the Southeast district—15.2 percent—and the lowest in the East Central district with 10.4. The Central district had the highest absolute increase in average land value per acre, \$49, as compared to the lowest increase reported for the South Central district, \$21 (see Table 1 and Map 2).

Number of Sales

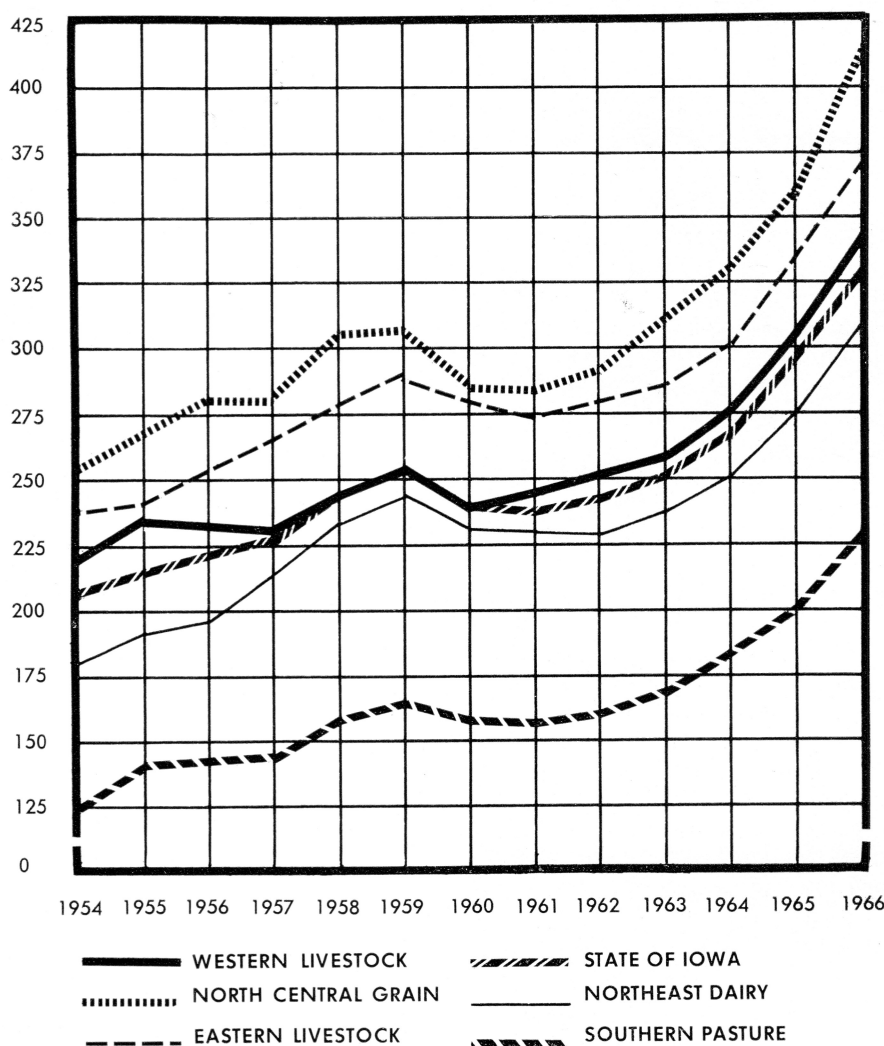
About 41 percent of all brokers reported they made fewer sales in 1966 than in 1965. The tight money situation and high asking prices were the main reasons for lower sales volume, they said. By areas, a higher percentage of brokers sold fewer farms in 1966 than in 1965 in the Eastern Livestock region than in any other—(see Table 2).

Factors Affecting Land Values

This year the brokers were asked to indicate factors contributing to the change in the land values from a list of 12 factors. A total of 550 brokers checked one or more factors (see Table 3). The major reasons reported in the order of their

1966 IOWA LAND VALUE SURVEY

Estimated value per acre of Iowa farm land and buildings by state average and five economic regions. November 1, 1954 - 1966.



importance follow:

Farm Enlargement

Again this year, farm enlarge-

ment was reported as the most important factor in increasing land values. About 84 percent of the participating brokers indicated that

TABLE 2. Relative number of farm sales made by brokers in 1965 and 1966; by state and type of farming area.

Area	1965				1966			
	Total	Percent Reporting			Total	Percent Reporting		
		More Sales	Same Sales	Fewer Sales		More Sales	Same Sales	Fewer Sales
Iowa	556	28	46	26	526	22	37	41
North Central Gr.	113	28	44	38	108	22	45	32
East. Livestock	104	24	51	25	102	12	39	49
West. Livestock	117	25	50	25	126	25	37	38
North. Dairy	117	31	41	28	104	25	39	36
South. Pasture	98	30	47	23	86	27	43	30

the desire to enlarge existing units by successful farmers was the major reason for higher values in 1966. The willingness of many farmers to pay higher prices for adjoining tracts was definitely the most important cause of higher land values in the North Central Grain region, while it was not as important in Southern Pasture.

Scarcity of Listings

More than half of the participating brokers considered scarcity of listings as a factor in higher values. A few brokers reported they had more farms for sale, however. Scarcity of listings was a less acute factor in raising land values in the Northeast Dairy and Southern Pasture regions than elsewhere.

Contracts

Use of the contract method of purchase, brokers said, was used to help overcome a shortage of loan funds. This contributed somewhat to the rise in land value in 1966. Shortage of cash and credit in the real estate market and high interest rates were reported by many brokers as impediments to cash and mortgage sales for a deed.

TABLE 3. Percent of brokers identifying factors contributing to the (sustained) increase in Iowa farm land values in 1966.

	State Average	North Central Grain	Eastern Live- stock	Western Live- stock	Northeast Dairy	Southern Pasture
Farm enlargement	84%	91%	79%	81%	84%	64%
Scarcity of listings	57	59	65	64	45	48
Contracts	46	53	37	50	48	40
Better farm product prices	41	47	37	39	50	55
Inflation	41	47	41	40	36	37
Higher demand	38	34	43	35	40	55
Better crop yields	34	38	32	35	24	37
Investment purchases	28	22	26	22	30	33
Government programs	20	19	22	21	15	21
Speculation	18	20	16	14	20	19
World food situation	18	14	20	18	20	16
Number of respondents	550	118	111	125	107	89

TABLE 4. Average value per acre of Iowa farm land and buildings, by type of farming area on Nov. 1—1954 to 1966.

Year	State Average	North Central Grain	Eastern Live- stock	Western Live- stock	Northeast Dairy	Southern Pasture
1954	\$205	\$258	\$236	\$222	\$180	\$126
1955	215	270	242	231	190	140
1956	220	279	251	231	197	144
1957	226	278	264	228	212	147
1958	244	305	282	246	231	158
1959	252	306	290	253	244	165
1960	237	284	277	237	230	158
1961	237	282	273	241	229	159
1962	241	292	278	247	228	162
1963	250	307	281	257	237	167
1964	265	328	299	272	248	180
1965	293	359	331	301	274	199
1966	331	410	372	340	307	225

TABLE 5. Average value per acre of Iowa farm land and buildings, by type of farming area and grades of land, Nov. 1, for years listed.

Year	-----State Average-----			-----North Central Grain-----			-----Northeast Dairy-----		
	High	Med.	Low	High	Med.	Low	High	Med.	Low
1941	\$120	\$ 90	\$ 55	\$135	\$108	\$ 75	\$115	\$ 88	\$ 57
1950	284	194	114	324	241	155	242	165	97
1959	362	245	146	408	308	201	344	240	147
1960	344	232	136	379	286	187	330	224	135
1961	344	231	135	381	281	185	328	223	136
1962	349	237	138	389	295	192	327	221	135
1963	361	243	145	405	310	206	338	231	141
1964	379	261	157	427	331	226	349	243	152
1965	415	287	177	471	359	248	385	265	172
1966	469	322	201	548	405	275	427	300	194

Year	-----Southern Pastures-----			-----Western Livestock-----			-----Eastern Livestock-----		
	High	Med.	Low	High	Med.	Low	High	Med.	Low
1941	\$ 88	\$ 56	\$ 30	\$120	\$ 94	\$ 57	\$141	\$104	\$ 58
1950	212	128	66	306	214	130	335	220	123
1959	263	154	78	359	249	151	438	278	153
1960	251	148	75	340	234	137	419	266	145
1961	254	148	74	345	238	139	410	265	143
1962	259	152	75	354	244	144	416	271	147
1963	265	157	79	367	252	151	432	266	146
1964	281	171	89	387	269	159	448	290	158
1965	308	193	97	422	298	183	490	319	183
1966	348	214	114	481	329	210	543	364	210

Better Prices for Farm Products

Favorable livestock and crop prices in 1966 contributed to higher land values, according to 41 percent of the participating brokers. This reason was reported more by brokers operating in the Southern Pasture region than in any other area.

Inflation

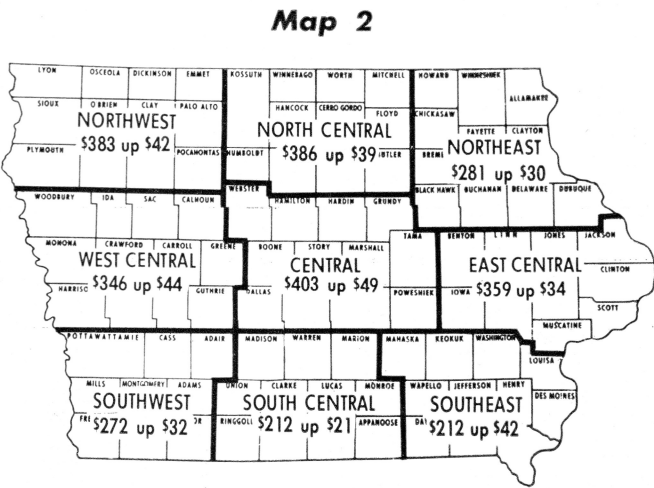
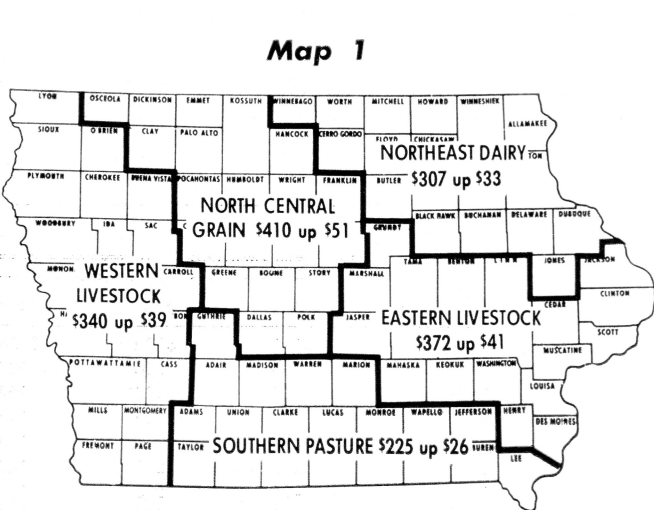
About 51 percent of participating brokers felt inflation was a major factor in increasing the demand for real estate property and thus raising farm land values. More brokers were concerned about inflation during 1966 than in the previous year. Many brokers said the inflationary pressure on land values would have been more severe had it not been for the shortage of credit and high interest rates since last summer.

Other Factors

Of the remaining value raising factors, higher demand for land, better yields, and investment purchases were listed in that order. Investment purchases were a major factor in 1965, ranking third, but this was only seventh in the order of importance in 1966, brokers said. The effect of government's farm programs, speculative demand for land, and the world food situation were ranked last in their influence on land values by brokers.

TABLE 6. Average value per acre of Iowa farm land and buildings, by crop reporting districts and grades of land, Nov. 1—1957 to 1966.

	North-west	North-Central	North-east	West-Central	Central	East-Central	South-west	South-Central	South-east
Year	All Grades Land								
1957	\$274	\$263	\$193	\$226	\$277	\$262	\$184	\$138	\$211
1958	289	286	213	244	293	286	202	153	226
1959	292	279	225	256	305	305	200	160	227
1960	270	271	214	238	287	280	191	149	224
1961	270	268	224	243	283	276	192	153	226
1962	277	279	214	250	293	277	197	155	232
1963	284	291	231	262	295	283	211	154	239
1964	307	311	229	277	324	292	213	171	252
1965	340	346	250	302	354	325	239	191	276
1966	383	386	281	346	403	359	272	212	318
	High Grade Land								
1957	370	350	272	330	393	407	270	223	359
1958	388	375	306	347	411	440	292	248	376
1959	392	348	326	368	427	445	292	256	373
1960	359	362	317	350	403	416	281	238	366
1961	363	361	324	355	397	409	272	247	369
1962	374	370	316	364	405	409	286	249	378
1963	384	378	334	378	413	419	299	245	391
1964	412	401	332	396	443	432	309	267	402
1965	454	452	358	422	481	478	339	297	436
1966	509	506	400	497	550	525	392	328	498
	Medium Grade Land								
1957	275	261	193	219	272	254	178	129	191
1958	291	285	207	243	291	276	195	141	210
1959	291	291	219	251	301	310	192	150	210
1960	271	272	205	235	283	277	184	140	208
1961	274	266	216	235	281	274	189	142	214
1962	280	279	205	243	293	273	193	145	219
1963	287	288	220	254	292	278	210	143	220
1964	308	313	221	271	322	288	210	161	239
1965	337	348	241	299	349	319	236	185	263
1966	379	383	272	331	402	352	260	200	301
	Low Grade Land								
1957	178	178	113	129	166	126	102	61	83
1958	189	196	126	143	177	143	119	71	93
1959	191	198	131	149	183	158	118	75	98
1960	178	180	200	131	175	148	107	70	97
1961	172	177	131	139	170	145	108	71	94
1962	176	189	121	144	180	148	112	71	98
1963	182	206	138	153	180	153	123	73	106
1964	202	218	135	163	206	156	120	83	114
1965	230	238	153	185	232	180	143	91	130
1966	261	268	169	212	256	201	162	108	155



Average Iowa farm land values on Nov. 1, 1966, and amount of increase over a year ago in various economic areas.

Average Iowa farm land values on Nov. 1, 1966, and amount of increase over the previous year in the state's crop reporting districts.